



30 October 1975

MEMORANDUM FOR: The Review Staff

SUBJECT : Meeting with Sandra A. Zeune and
[redacted] 29 October 1975

REF : Review Staff 75-3337, item (1)

1. I was the auditor in charge of the [redacted] Station's audit for the period 1 July 1971 to 31 May 1972. The audit was conducted from 13 June 1972 to 6 July 1972.

2. Ms. Zeune was concerned primarily with the [redacted] spent by [redacted] Station in FY 1971 for liquor and cigarettes. She asked if I knew how the Station could have spent so much. I told her that in my opinion [redacted] Station historically spent a great deal for liquor and cigarettes, that I did not recall the amount spent in FY 71, and that I had discussed the matter with both the COS and his successor at the exit conference on 6 July 1972. I explained that in many countries it was customary to give liquor and cigarettes as gifts during the Christmas season and that liquor and cigarettes also were used during the year for operational purposes. I said that in some countries gifts were given more than once a year but I could not recall if [redacted] was one of them. (I recalled later that gifts are customary at Easter time as well as Christmas).

3. I brought the matter to the attention of the COS because my experience and observation suggested that the amount spent was noticeably greater than at other Stations. I suggested that the COS might want to look into usage of these items. Ms. Zeune indicated that the following year [redacted] was spent and then [redacted] two years later. I suggested that my discussion with the COS may have contributed to the decreased spending but also pointed out that a change in the [redacted] government may have contributed too.

4. She was concerned that the subject was not discussed in the formal report. I showed her our "A" Station program and that our review of liquor and cigarettes was but a single line item in an extensive program. I felt it was not significant for report purposes and that discussion with the COS was sufficient. She seemed impressed by the program and particularly that there was an audit step to review liquor and cigarettes. I told her we were concerned primarily with controls and discussed how controls may be achieved.

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5. She asked what I would have done had I seen an increase the following year. I said probably I would have put it in the report.

6. She asked for and I gave her the number of people at the Station [redacted] (at 31 May 1971) and the expenses during the audit period [redacted].

7. I was curious about how she obtained her figures. (I rounded them as best as I can recall - but her numbers were precise.) She said they were obtained by extracting the information from Station vouchers. I suggested the amount may have been inflated by accommodation purchases made for other Stations. She had precise figures on amounts transferred to other Stations; her [redacted] excluded the transfers.

8. She asked general questions about how and what we audit. She asked particular questions about the large amount of money spent for furniture at some Stations - specifically [redacted] I suggested that this was not a recurring expense and that furniture is passed from family to family. I did not think this was a particular problem.

9. Ms. Zeune was very cordial and pleasant in her questioning. She appeared to know exactly what she was looking for and seemed satisfied with my responses.

[redacted]
Chief, S&T Audit Division

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